P-ISSN: 2338-6932 E-ISSN: 2597-4874 URL: https://society.fisip.ubb.ac.id

# **Letter of Acceptance**

069/SOCIETY/2020

Date: October 19, 2020

Dear

#### Arman

Department of Agribusiness, Faculty of Bioindustry Universitas Trilogi, Indonesia

# Asep Saefuddin

Department of Statistics and Data Science, Faculty of Mathematics and Natural Sciences IPB University, Indonesia

I am pleased to inform you that your paper entitled:

# The Local Economy and Rural Development in Berambai of East Kalimantan

has been accepted for publication and will be published in Society (Vol. 8 No. 2, 2020, publishing period November 2020).

Thank you for your contribution. The technical issues about the publication will be informed later.

Kindly Regards, Editor in Chief

Herdiyanti

# **Review From**

Please complete this review sheet. All entries to the Author will be kept confidential.

#### Abstract

- 1. It should be added by the theoretical reference which is used.
- 2. It should be explained the position of this research among the previous ones. And then state the uniqueness/ novelty of this research.
- 3. Please learned more about methodology concepts.
- 4. Be improved your English words, grammar and sentence.

### Introduction

- 1. It should be cited some references of those data.
- 2. The arguments sound like subjective meanings rather than systematic and comprehensive research findings.
- 3. There is no strength words as a thesis statement

## Material and Method

- 1. It should be written in appropriate concepts in qualitative approach.
- 2. The article does not mention about the secondary data in method. But, they have many in that article
- 3. It should be informed how the researcher confirm the data are valid.

### Result

This article has not enough presented adequate valid data which is based its arguments.

# Discussion

- 1. They are so many previous research findings about the natives and societies in East Kalimantan, but the author miss to quote them to strengthen this article.
- 2. Too much describe about the ethnic group but less analyze about the purpose of the research; does not describe the relationship between society and company and the role of government and governance between them.
- 3. There is no theoretical framework as an academic discourse.

Acknowledgements
Literatur Cited
Almost non or very limited literature cited in that articles.
Advice
The advices need to be sharpen and more concrete.
Conclusion
Too early to get conclusion.

Further I took decision that the manuscript
Reject or major revisions
Note/Reason
The author should fulfill the journal article requirements rather than just a short paper.

# The Local Economy and Rural Development in Berambai of East Kalimantan

#### Abstract

The role of the local economy gets eroded due to the inclusion of capitalization in rural areas. This study examines the influence of the coal mining industry on the existence of the local economy in Berambai village. This study uses qualitative research methods through field observations, interviews (please be careful! Not just "interview" but "in-dept interview" and the determination of key informants (do you have adequate reference of it?). The results show that the local economy and livelihood in Berambai village are under pressure and eroded due to coal mining activities. Livelihoods, especially fish and rice, are threatened to disappear as a result of pollution from river water waste and the occupation of agricultural land into mines. Furthermore, other sources of income from farm laborers are not enough to fulfill the needs. The Dayak Kenyah Lepoq ethnic group in Berambai village is in danger of being disintegrated due to the fact that most of them migrate scattered. Only some of them still survive to utilize the remaining resources. The presence of the mining industry is seen to be eliminating the local economy and creating poverty in the people of Berambai village. Furthermore, social capital begins to erode because of the fading structure of social relations, especially related to the fading of bonds, trust, and expectations.

Keywords: livelihood, local economy, rural development

#### Introduction

East Kalimantan's economy is mostly influenced by the activity of the coal mines. The Output of the mining sector since 2011 to 2014 exceeded half of the contribution of other areas, namely 56.69%, 57.11%, 55.21% and 50.11%. It showed how dependent the economy of the region to the mining sector; mainly coal. It should be quote some references of these data.

A small number of people feels the economic benefit from mining for themselves and their surroundings. Their income as the mining worker doubled. They get health insurance and other luxurious facilities from the company. The facilities that almost any other companies could not give. At the same time, the government sees this as an opportunity to increase local revenue, employment, and community income.

However, the existence of coal mining company only boosts the macroeconomic performance but has not yet reached significantly at the community level. It was reflected in the gini ratio index in 2010-2014 has increased from 0.20 to 0.34. Mining activities boost regional performance but not strongly correlated with income distribution.

Moreover, the mining sector has a lot of "bad stories" regarding environmental degradation, depletion of community livelihoods and fragility of culture and social value systems and also the reduction of mutual trust between peoples. The main problem is conflict and weakness of social ties. The issues make the peoples get more and more far from cultural values and lead to social separation. It reflects and happens in Berambai village Tenggarong Seberang district, especially in Dayak Kenyah Lepoq tribe.

The existence of the company does not adequately accommodate the needs of Dayak Kenyah Lepoq tribe collectively in Berambai village. Some of them become labors in the company, but the waste from the company disposal in the river where the river in Berambai village is their main source of life. The local economy that has been attached for a long time in their social culture and values suffer 'damage' because of the strong power of capitalism. Exploitation of natural resources of coal mining that was initially intended as part of rural development creates economic,

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environmental, social and cultural problems. These become the passages discussed in this research

However, the mining sector has a lot of "bad stories" about environmental degradation, undermining their livelihoods and the fragility of the cultural community and social value systems and reduced mutual trust between the members of the community. This is reflected and occurred in the Berambai village, Tenggarong Seberang district.

Before coal mining company enters and operates in the Berambai village, the life of the Kenyah Lepoq tribe was solidly based on norms and culture. Social cohesive between community was quite strong especially on the wedding ceremony, other celebrations, cultivation of agricultural land, home improvement and cooperation throughout the activities that took place in the Berambai village.

At the time of the coal mining companies already operating in 2005, communities had started to feel how "sting" the impact of the company's waste. Livelihoods are gradually eroded as a result of mining activities pollutes rivers. On the other hand, the agricultural activity increasingly pressured due to the increasing expansion of the mining concession area. This could threaten the livelihoods of agricultural and fishery Dayak ethnic in Berambai Kenyah Lepoq village. Furthermore, elements of culture, the local economy and mutual trust eroded by capitalization and massive mines exploitation. This research aims to describe the effect of coal mining company towards the existence of local economy and social capital in the Berambai village.

On the other hand, the role of government in maintaining their livelihoods, local economic and tourism potential of entrapment capitalization of mining companies is insufficient. There is no government effort to maintain and make livelihoods and tourism potential into new economic value in the village. As in the case, in South Africa that builds a village with Agritourism method. Agritourism is a particular significance for the economic development of small towns in space tourism between South Africa. Offered policy advice to strengthen Agritourism as a driver for LED in South Africa (Rogerson and Rogerson, 2014).

The tourism sector has an essential role in the context of local economic development. Public institutions should be aware of the capacity of an area and try to help its development. A local tourism policy towards sustainability is indispensable for the future development of an area (Pedrana, 2013). Further preservation of culture and the arts can strengthen local economies. The results show that the arts of Jaranan (artistic name of an area) have great appeal in Kediri City community so that in every show many small traders who sell equipment and the increasing number of artisans living of appeal Jaranan art (Dewandaru and Purnamaningsih, 2017).

It also occurs in areas that commit building a culture and tourism sector as a driver of the local economy. The tourism sector provides added value to the influence of the culinary industry, souvenirs and handicrafts for the local economy in Batu city, East Java. The development of the community in the region was developed with the concept of community development with the hope of forming a strong and independent society, the precious resources of innovation and encourages cross-sector cooperation in building rural tourism (Aulya et al., 2016).

However, the government's attention in Berambai village is still minimal so that the local economy experienced a strong pressure on the capitalization of mining companies. Research on mining in Ghana shows that the government in protecting the public's involvement at every level is very less and cause mistrust. At the same time, people feel the company cannot produce a positive expectation but inflict damage and externalities such as environmental change, though it has denied by the company (Garvin et al., 2009).

Furthermore, the recognition of joint ownership (*common property regime*) is not obtained from the government so that the property rights of indigenous and very easy to move to the company Bromley and Cernea, 1989). Capitalism seems to utilize opportunist attitude to approach the government to obtain the optimum benefit to the common property without regard to ethnic Dayak Kenyah Lepoq in Berambai village.

According to Hodgson Williamson (2004) a potential or actual opportunism emerged as a source of 'transaction costs' involved in monitoring and enforcing enforce. The attitude of excessive opportunism can reduce a person's commitment, fueling conflict and reduce the sense of trust among each other, as what happened in the Berambai village. Therefore, the rule is significant to be enforced between the principal-agents in determining the value of what is entitled by the perpetrators (Coase, 2013). In the context of the research, the value of what is entitled to be accepted by society after coal-mining companies operate.

Principal-agent seeks to produce similar information exchange with the actors. This also occurred in the structure of social relations, which becomes the basis of social capital. Coleman (1988) there are at least 3 things that govern the structure of social relations, there are: (1) a bond, (2) mutual trust and (3) the expectation. Furthermore, social capital will encourage the exchange relationship, cooperation and establishing democracy at the community level (Putnam, 2001). If opportunism dominates in building relationships between companies, governments and communities, there will be mistrust and transaction costs are enormous. Bardhan (1996) the transaction fee is very small in the countryside because of the close relationship in the population. But, transaction costs can become more prominent when mutual trust is declined (Fukuyama, 1995). Local economic cycles such as mutual aid to be very weak, causing any farming activities requires a fee. This is where the importance of making contracts between perpetrators who give each other benefit and based on trust. Allen and Lueck (2005) the transaction costs will decrease when the two actors establish a reputation and accept common law applicable to the community. Reputation often becomes the main consideration to build cooperation (Keefer and Knack, 2008). This is the consideration of local economic research in the Berambai village after the coal company operates.

#### Methods

The research method used qualitative approach. Data collection techniques through Rapid Rural Approach (RRA), interviews, direct observation and interpretive. RRAS is a way of retrieving data quickly by using the capabilities of the five senses. To strengthen the results of observations, interviews were conducted in stages through the effect approach of *snowble*. The chosen community leaders are the head of village and the Dayak ethnic community and key informants. Furthermore, the researchers conducted direct field observations, especially the condition of polluted rivers, occupied land and creeks that are still maintained its environmental conditions.

Results and Discussion (Too much describe about the ethnic group but less analyze about the main problem and there is no theoretical discourse)

Berambai village is located in Bukit Pariaman village, Tenggarong Seberang county. The dominant ethnic in the village is Dayak Kenyah Lepoq. In contrast with other four villages in Bukit Pariaman village where the dominant ethnic is Javanese and Kutai. There are numerous Javanese in the village due to the effect of transmigration in 1980-ish.

The main livelihood for Dayak Kenyah Lepoq ethnic in Berambai village is agriculture. The main source of livelihood is obtained by the cultivation of paddy fields, gardening, fishing streams and additional income as a handyman. Cultivation of paddy

fields is using the rainfed technique where harvesting only happen one time in 1 year in Berambai village. On the other hand, in four different villages, they use irrigation technique where harvesting happen two times in 1 year. The varieties of paddy they use in Berambai village comes from local varieties. The residents called the varieties are (1) Pada'i Kawan, (2) Pada'i Ubek, (3) Pada'i Bo'o and (4) Pada'i Timur. The most favorite variety is Pada'i Bo'o.

The yields from many local varieties are not sufficient for the needs of the farmer in 1 year. To get paddy/rice, they buy or get help from the government through 'Bantuan Keluarga Miskin (Raskin)'. The yields is enough to fulfil the production scale by making the new field, but some of the yields are also sold to meet their needs, such as education fee, health insurance, etc.

When the harvest season is finished, The Dayak Kenyah Lepoq ethnic in Berambai village uses the field to grow some intercrops such as corn, banana, vegetable and cassava or sometimes looking for frond around the forest. Meanwhile, the needs for fruits can be done by cultivating banana, durian, langsat, rambutan and mango. Most of the source of fruit comes from the forest just like durian, rambutan and langsat.

The story of the fish market which appears every month is no longer exists in the village. Separi river has been polluted so severely that make the most of the Dayak Kenyah Lepoq ethnic is no longer obtain fish as a source of livelihood. Capitalization has destroyed livelihood. Coal mining companies eliminate the first local economy where the source is from nature and sustainable because they are fused with the culture and livelihood. Most of the cultivation area/land is fragmented as a result of mining activities. Their position is increasingly cornered due to the massive coal mining activities.

It is already hundreds to thousands of years of their livelihoods fused with nature and to fulfil their life. However, this time they still have to spend money to obtain drinking water and fish and even rice. On the other hand, the source of livelihood just like selling fish is not there anymore, so they have to try to find a way to labor or other work. Capitalization and mining industry creates the "impoverishment" because it removes the source of livelihood with no substitute for living. Furthermore, the mining industry led some communities in the region to have to migrate. They cannot consume the water of the river and could not use it for the needs of the bath, wash, toilet because the water is polluted. Some families have left of their homes and looking for a new life (though there is compensation from the mining company). Some of the family that survive because they do not yet know where they would go.

Some of them is trying to maintain the remaining resources that are still being used as a source of income and livelihood. They use the land which is not being a mine into agricultural and cultivation land. Although they live in the "uncertainty" of the resources they have, they still hope that they owned resources and the common (rivers and land) is no longer converted into coal mines. They are living under pressure and uncertainty, but they remain alive based on cultural values and livelihood to fulfill their lives. They meet the livelihood pattern is a local wisdom. The fulfillment necessities of life by bringing together the natural life cycle of planting, conservation of nature inherent to the values and way of production is a local economy.

The remaining resources continue to be treated in accordance cultures they have. Livelihood patterns remain united with nature by not challenging the presence of modernization. This is reflected in the way the Dayak ethnic utmost care for Bamboo

River (Lalut Bulog). They conserve watersheds by maintaining land cover. Although Lalut Bulog is a tributary, but diversity and many species of fish and river water can be consumed directly as drinking water. This is because the Dayak Kenyah Lepoq ethnic protects and preserves nature by combining livelihood. It shows that the existence of the local economy can still be realized amid threats that threaten capitalization in front of them. Law of Thermodynamics by utilizing energy transfer law precisely preserved and realized by Dayak Kenyah Lepoq ethnic through the local economy.

The process is a process of balance between nature and man. The cycle of life goes by following natural life, at the same time it results in the production and livelihoods. The way they treat nature by embedding a culture in everyday life reflects that they can appreciate quality and original build a loving and able to co-exist with modernization.

They built villages with nature, but other people who come with huge capital destroy villages and impoverish society. They were in occupation of land to obtain the mine. The company uses money as a compensation tool, but at the same time in occupation of land, damaging the culture and livelihood patterns and make them powerless.

The development of village is not accumulation and capitalization, but the element of cultural and humandevelopment is the part that should be placed. Capital is not progress for Dayak Kenyah Lepoq ethnic in Berambai village, but the capital and the accumulation of capital is a threat to their livelihood. Capitalization becomes a threat to the existence of the local economy under threat of extinction in the Berambai village.

Capitalization and accumulation of capital "destroy the local economy" and create "latent conflict" as well as the mutual distrust between communities in Dayak Kenyah Lepoq ethnic. The community of Dayak Kenyah Lepoq ethnic that were once united now raises suspicion among those due to treatment "unfair" by the mining company. The presence of the company does not create peace and not able to live side by side with the community. Dayak Kenyah Lepoq ethnic threatened scattered and distanced itself from the environment in which they originated. Dayak Kenyah Lepoq ethnic in Berambai village existence would be endangered if the entire population of migrating scattered.

They who survived because they hope that the use land still can give little hope for their survival. Cultural symbols that they have like a ritual and product in art and culture, farming tools gradually toward extinction. Their resources are plots of land could disappear instantly when the power of capital forced them to come out of the ground. They are not protected by law; everything becomes weak due to the concern of the government is very weak. The government should be able to intervene and defend the Dayak ethnic so that they are not marginalized in the place they originate and grow.

The role of government in protecting and empowering as well as keeping the local economy to remain sustainable continuously inflamed right in the context of space and social and cultural dimensions. However, the impression that emerged in Kenyah Lepoq Dayak ethnic communities shows that the government tends protecting corporations and large investors a coal mining company.

The impressions are reflected in; (1) compensation for damages and. (2) only give priority to the employment of residents as laborers. (3) commit to the preservation of the environment. (4) give threat to the existence of the local economy. (5) latent conflict society and (6) loss of common property resources.

Compensation is not accompanied by economic empowerment and skills. The money they receive is not sufficient to create a new financial cycle that has no impact on their

livelihood. On the other hand, the source of their livelihood, such as fish is no longer received by the public because the river has been polluted. Initially, livelihoods are met, but the presence of mining companies caused them to add to costs and expenses to earn livelihoods (especially fish and drinking water).

Dayak ethnic's involvement in the company's workforce was not fully able to provide benefit for Kenyah Lepoq Dayak ethnic community. They just placed as laborers while others are not absorbed in the mining company. They are not consumed and does not own the land are forced to seek other sources of livelihood to survive. Moreover, the source of their livelihood can no longer be obtained on the river because there has been a massive river pollution. Dayak Kenyah Lepoq ethnic's resources degraded due to the interests of capital because it erodes the mine, while the role of government in protecting the Dayak Kenyah Lepoq ethnic has not been evident.

The presence of Kutai regency government has a vital role in resolving the issue "critical" ethnic Dayak. The government must ensure the existence and the existence of the Dayak Kenyah Lepoq ethnic in Berambai village through facilitation and regulation. The government should limit the exploration and exploitation of coal mines so that the existence of the Dayak Kenyah Lepoq tribe remained in the Berambai village. Furthermore, the government should ensure human development through education and health. It is crucial for the livelihood can no longer be used as a source of income. Each ethnic in Dayak given utmost ease and obtain protection at least equivalent to secondary school education and health services.

Furthermore, governments need to preserve the local economy by developing new sources of livelihood that are integrated with their livelihood. Concrete examples are developing fish farming land to meet their livelihoods. This should be done continuously through mentoring. What is more important is to ensure the existence of access to land ownership and government recognition of indigenous rights to land pemelikan or ethnic power berambai.

One of the obstacles that hinder the strengthening of the local economy due to the concern of the government is still low compared to the owners of capital. Furthermore, mutual trust at the community level began to loosen as a result of the influence modernesia and external factors. Efforts to build the local economy began to rebuild the culture as a driving force and strengthen the potential of local resources through empowerment. Regional resource development as a tourist resort and the utilization of the Dayak ethnic handicraft artworks Kenyah Lepoq as tourist souvenirs can improve and strengthen the local economy. Furthermore, the government should and must protect livelihoods as a driver of the local economy. Rebuilding trust between each other through group empowerment, education, health and relief. The government should encourage mining companies to be able to cooperate with the community in the village economy. The structure of social relations should be of concern in rebuilding social capital through their (1) expectations between communities, (2) mutual trust and (3) bonds.

Social capital is inherent in each individual based on cultural values Kenyah Lepoq Dayak community. At least with social capital can produce a suitable structure of social relations and economic resources (source of livelihood). Social capital Kenyah Lepoq dayak true love is firmly entrenched by history culture and values inherent in everyday life. However, social capital threatened to erode because of the attitude opportunity company and attention from the government is still low.

Weak social capital encourages higher transaction costs. Some of the implications of the decline of social capital in the village Berambai is (1) a weakening of cooperation during the planting and harvesting of agricultural products and (2) distrust encourage increased transaction costs (such meetings), (3) erosion of the local economy Village Berambai. Therefore, the government optimizes all the power through a technocratic approach to the Dayak community in Village Berambai Kenyah Lepoq.

#### Conclusion

The results showed that the local economy and livelihood in the village Berambai under pressure and eroded by coal mining activity. Not adequate explain in Result and Discussion" Livelihoods, especially fish and rice, threatened disappeared due to pollution of river water waste and occupation of agricultural land into mine. Furthermore, other sources of income of farm workers are not enough to fulfill the needs. Dayak ethnic Kenyah Lepoq in Village Berambai threatened to disintegrate as a result most of them are scattered migration. Only some of those who remained to take advantage of the resources still. The presence of the mining industry rated eliminating the local economy and created Village Berambai community impoverishment. Furthermore social capital began to erode due to the waning of the structure of social relations primarily associated with the waning of bonds, trust and expectations.

Governments need to and must protect livelihoods as a driver of the local economy. Rebuilding trust between each other through group empowerment, education, health and relief. The development potential of the local economy, such as tourism area, and artwork as well as reinforce the village institutions must be carried out conscientiously along with the mining company.

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